



SUMMARY

A Review of the S.C. Arts Commission



OBJECTIVES

Members of the House Ways and Means Committee requested the Legislative Audit Council to review the operations of the S.C. Arts Commission (SCAC). Our objectives for this review were to:

- Evaluate the administrative costs of the agency and ensure compliance with proviso 30.4 in the FY 12-13 appropriations act.
- Determine whether the agency has meaningful measures to effectively evaluate program performance.
- Review and comment on current agency staffing levels and how they compare with industry norms.
- Assess the use and distribution of grant funds and to determine whether current practices are effective.
- Review program accounting and record keeping processes in comparison to public sector best practices — with special attention to the transparency and accountability of program expenses.

SCAC COULD IMPROVE ITS FINANCIAL REPORTING AND ACCOUNTING TO ENSURE COMPLIANCE WITH STATE LAW AND BE MORE TRANSPARENT. BUDGET CUTS HAVE REDUCED THE AMOUNTS AWARDED IN GRANTS AND THE NUMBER OF EMPLOYEES AT THE AGENCY.

- In FY 11-12, the S.C. Arts Commission did not meet the requirements of proviso 30.4 to spend 70% of state funds on grants by \$21,285 (1.1%) due to unspent grant funds.
- In response to proviso 30.4, in FY 11-12, SCAC used state funds to pay 26% of its administrative expenses which had been paid for 100% with state funds in FY 09-10.
- The staffing level of the S.C. Arts Commission of 14 full-time employees and 3 part-time employees is consistent with the staffing levels of state arts agencies in southern states and the nation.
- From FY 09-10 to FY 11-12, grants awarded by the S.C. Arts Commission have decreased by \$640,929 (30%) and been given to recipients in 42 of 46 counties.
- The S.C. Arts Commission should reinstitute its random audits of grant recipients to improve the quality control of the granting process.

ADMINISTRATIVE COSTS

For FY 09-10, the agency's total budget was \$4.8 million, including \$811,500 in one-time stimulus funds, with total administrative costs of \$739,960 (15%). For FY 11-12, the agency's total budget was \$3.7 million with almost \$690,000 spent for administration, almost \$2.4 million spent for statewide arts services which included \$1.5 million in grants, and about \$635,000 carried forward.

In FY 11-12, SCAC did not meet the requirements of proviso 30.4 to spend 70% of state funds on grants by \$21,285 (1.1%). Unspent grant funds account for the shortfall. The agency attributes this shortfall to the cancellation of some awarded grants and reductions in final payments of others.

According to agency management, one of the challenges facing the agency is allocating expenses to ensure compliance with proviso 30.4 and federal and grant funding requirements. In FY 11-12, SCAC paid 26% of its administrative expenses with state funds while in FY 09-10, state funds paid for 100% of the administrative expenses. In order to be more transparent and accountable for these program expenses, the agency should publish detailed financial information by source of funds to show compliance with these requirements.

J U N E 2 0 1 3

STAFFING

We found that the agency, as of April 23, 2013, had 14 full-time employees and 3 part-time employees. The national median among independent state arts agencies is 14 full-time employees and 1 part-time employee and, among southern states, the median staff size is 14 full-time employees.

There are three full-time and two part-time employees at the agency who work in purely administrative roles. Grant support services are provided by two and a half employees at the agency. Nine of the agency full-time staff along with one part-time employee provide statewide services to artists, arts organizations, and arts educators around the state. Due to budget cuts to the agency, SCAC has seen significant reductions in staff from 22 full-time and 3 part-time employees in FY 09-10 to 14 full-time and 3 part-time employees in FY 12-13, a reduction of 39% in three years.

GRANTS

From FY 09-10 to FY 11-12, grants awarded by the agency have decreased by \$640,929 (30%). In FY 09-10, the agency awarded \$762,984 in grants from one-time stimulus funds. We reviewed the distribution among South Carolina counties for grant awards from FY 09-10 to FY 11-12 and found that SCAC awarded grants in 42 of 46 counties. We found that while grant recipients gave credit to the S.C. Arts Commission for support on printed materials and documented the same in grant reports, not all recipients noted state support on their organizational websites. We recommend that the agency require grantees, where appropriate, to provide a direct return to the people of South Carolina on grant funds and to document their public outreach in their final grant report.

PERFORMANCE MEASURES

In order for performance measures to be meaningful, they should be clearly stated in relation to the statutes and citizen expectations and have specific measures of progress. While the agency has meaningful measures, in order to more clearly measure how its activities relate to its statutory mission, the S.C. Arts Commission should relate its outcomes and measures to the specific statute. The measures should include outputs, as well as outcomes, such as number of projects funded, number of counties served, etc.

Performance measures for grants depend on each grant and are based on the grant application. SCAC used to conduct audits of a randomized sample of grants before the agency had significant budget cuts. Currently, the agency puts recipients on notice, but no reviews are being completed. However, without this independent review, the agency is relying solely on the reported expenses of the grant recipient. Re-establishing this practice would add to the quality control of the granting process of the agency.

FOR MORE INFORMATION

Our full report, including comments from relevant agencies, is published on the Internet. Copies can also be obtained by contacting our office.

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SOUTH CAROLINA GENERAL ASSEMBLY
Legislative Audit Council
Independence, Reliability, Integrity

Perry K. Simpson
Director

1331 Elmwood Ave., Suite 315
Columbia, SC 29201
803.253.7612(voice)
803.253.7639 (fax)

SCAC'S COMMENTS ON THIS REPORT
CAN BE FOUND AS AN APPENDIX IN THE FULL REPORT.